

FLATHEAD COUNTY WATER DISTRICT #101

POB 1141, Columbia Falls, MT 59912

*** January 5th General Meeting Minutes***

I. **Call to Order and Roll Call – Joanna Adams**

7:05 meeting called to order.

- Board members in attendance: Linda Bosworth, Joanna Adams, Harold Herman, Ken Kahn, Aaron Anderson
- Others in attendance include: Shelley Nolan, RATES; Jamie Campbell, serving as interim secretary; various residents of the Water District.

II. **Reading and approval of the minutes.**

Jamie read minute highlight from the December 7th minutes. One revision noted. Linda motioned for approval. Ken seconded. Motion passed unanimously.

III. **Public comment - Joanna**

Joanna invited public comments. There were none.

IV. **Operator's report – Ken Kahn**

December 11 – 16 daily chlorination was done. A chlorine injector was installed at the Gordon Avenue well and that seemed to work. Chlorine was poured in at the other site. Property owners present reported that they were able to smell and taste the chlorine for about 6 days. It was noted that last summer Larry had put chlorine in the well after the poor test result.

No further testing has been done. As of this date, there is no one who will pay for the testing. Linda is willing to complete routine testing from her property.

Shelley reported that 5 tests each month, at \$22 per sample, are what is required.

It was also noted that the DEQ never issued a health advisory

V. **Financial report – Linda Bosworth**

Linda reported that the amount currently owed to board members is: Joanna \$10, Ken \$22.92, Linda \$769.45, which include the addition of \$ 500 to cover attorney, Randy Snyder's fees.

VI. **Correspondence – Joanna Adams**

A check was received by the Water District in the amount of \$21.65, which is believed to be for the water bill.

Joanna's neighbor reported bad water pressure.

An email was received from Laura Strong informing the water district that she had a legal well and did not wish to be included in the Water District. She noted that she was providing notice in the event there was a plan to annex additional properties.

VII. Old business.

1. Chlorine put in the water by DEQ the beginning part of December;

Ken provided a report on this in the his operator's report.

2. Hiring positions for GM and Auditor/Treasurer;

It was noted that the Water District will eventually need to address this need. At this time, the district has no resources to do so. The discussion was tabled until the next meeting.

3. Rates Updates - Shelley Nolan;

Shelley has been in contact with Lyle Cooney US Rural Development – regarding the median income program one he is working on. He has the addresses and district boundaries. In an effort to determine the median income of the area Shelley reviewed the most recent census. It reports a median income of \$50,000 for the Heights, however if you cross the river into Columbia Falls income levels fall to \$35,000? The accuracy of this information was questioned. An actual income survey may be required to qualify for some of the grants under review.

There is \$438,000 available for planning grants. The grant applications are due by the end of April. Nationally up to \$30,000 per approved project is available. The deadline is rapidly approaching and the Water District must move quickly to meet the deadline. Of the various grants currently available Lyle Cooney's is recommended as the easiest. Bob Fisher at the DNRC has grants up to \$10,000 . TSAP is a 25% match grant and Shelley has already started filling that one out. Shelley noted that federal dollars from a different grant could be used for matching funds. The PER is required and the Water District is coming up on a hard deadline soon.

4. Website updates – Joanna Adams;

Joanna updated the website to include minutes, agendas and the calendar. She will add the bylaws soon. She will also add board members preferred contact information to the website. Ken will be noted as the emergency contact.

5. Insurance information from Joanna and Shelley.

Joanna has contacted Payne West regarding the insurance application process. The insurance agent has requested items that district currently does not have. The Water District will do the best they can on the application process. It was suggested that an estimated income of \$50,000 should be noted for the time being. Grant funds and donations would both be counted as revenue for this purpose. Shelley has also looked into the Montana Municipality Insurance.

**6. Acquisition of EIN and Tax ID #s pending bank account opening-
Joanna Adams;**

The EIN has been obtained. It was noted that the TSAP grant only requires the EIN.

VIII. New business.

1. Presentation regarding services available to FCWD 101, to include rates, guidelines, and a request for the opportunity to bid -Rob Smith and Matt Nerdig -A2Z Engineering;

Information packets were presented to meeting attendees – which included: The steps required for a PER, Sample Request for Qualifications, Sample PER and a suggested project timeline.

It was noted that dates can be adjusted. The schedule presented was laid out as if the work would begin by end of next week with the goal of acquiring funding by May. The schedule could be compressed.

The PER is a comprehensive planning document and will rank the most important projects on the total project. Alternatives will be ranked by priority. According to the prior PER (2008 or 2009) there are 7000 feet of mains in the Heights right now. That PER was a very simplified document and not up to the Rural Development standards. It does serve as a baseline.

Process:

The board must draft a RFP document for the first project. This should be comprehensive to generate appropriate SOQ's. The safest way and cleanest way to promote it is to publish it. It could also be mailed out to firms. It only needs to be published one time in a main paper.

Interested engineering companies will return a statement of qualifications - SOQ . The district will collect these as proof to Rural Development and other funders that the Water District has engaged in a fair and competitive process. SOQ's are distributed to each board member for review and ranking. There can be no discussion among board members regarding the SOQ's, ranking, etc during this time. The board selects the top 3 firms based on the individual board members ranking and then meets with each of them.

Firms are selected solely on qualifications. There can be no discussion of fees during this selection process. The board should develop scoring criterion prior to these interviews and will grade the firms accordingly. Once selected, the board can negotiate prices with the top firm. If the firm doesn't present anything agreeable then the board may move onto the next firm and so forth until a firm is selected. Formal acceptance of a firm is passed by board resolution. The board meeting must be open, all that bid are invited to listen to discussion.

The winning firm begins the PER by reviewing the entire system. The completed PER is presented to the board by predetermined deadline. The PER is presented to Shelley or other grant writer. Some grants – planning grants, for example, are typically paperwork light. Starting with them provides money to begin the process. All the pre-project work is free as this is incorporated into the overall project. (When the firm is chosen, you can negotiate how people will be paid. Generally firms don't require a retainer. Most items are billed out on a monthly basis.) Once the district is approved for a planning grant it can present the RFP's and move forward with that process. Funding agencies have differing requirements and that is addressed as they are explored.

Discussion:

Questions were asked about estimated costs of this project. The firm noted that they could only provide a very broad estimate, plus or minus 50%. It would could be about \$1.6 million to replace the entire system, which would include replacing all mains with 8 inch piping, replacing the storage tank with an 80,000 gallon tank and drilling one new well. There is a concern that the existing wells are not sealed correctly. It might be possible to repair the wells. Whatever the project, it could be completed in phases based on priority, urgency, funding etc. It might cost less to go after the entire project as a whole in the beginning, but it may be more realistic to phase it in.

The current water system wasn't built to code in the first place and has only decayed as it has aged. Other water districts that will be competing for grant dollars typically are in varying states of repair. This water system has aged across the board. This does increase the health and safety concerns, but it also makes this Water District more competitive as the need is so significant. DEQ is aware of this district and the turn-around for approval should occur fairly rapidly because of the health and safety concerns.

The engineers provided information about a couple projects they had experience with that were similar to our Water District.

Transfer of the water rights, which are in Larry's mother's name, was discussed. The water rights claim 150 acre feet per year and 90 gpm. Matt Nerdig agreed to mail a PDF of the claim to Linda for Water District records. It is possible to have one claim and 2 wells. Shelley noted that if a new well is drilled it will be pulled out of the same water right claim. Shelley noted that the flow rate between the two wells might be 90 gpm. The goal of DEQ is to ensure there is enough storage so the system can run with one well out.

Next steps were discussed:

The timelines were reviewed. Timeline is very tight. Board may need some extra meetings in order to meet the grant deadlines. Linda agreed to get the requests out and publish. Next board meeting the board members will take them home, evaluate, rank and order. Linda will ask for 8 days to respond to the RFP. The criteria will be established before the RFP goes out.

Shelley will help the board develop their criteria. Items to include will be: technical requirements, projects, hourly wages, reference, what size of projects by dollar, engineering, design, construction phase – request to see several projects of similar scope and size of this project – cost of project, qualifications of the engineers, who will be working on the PER and an estimate of hours per person for this project.

The SEARCH grant doesn't require a match or PER. The median income is required for the Rural Development Grant – Shelley will meet with Lyle on that. He has a software program that might help gather a more accurate result than the census review. Shelley will work on this and hopes she will have this figured out by Thursday. SEARCH needs everything by April but Shelley would like to have it wrapped up by February. The Water District can apply for up to \$30,000 per project through the SEARCH grant. This should be enough to get the PER off the ground and completed.

RRGL Dept of Natural Resources and Rural Development need application by May 15. This could generate a planning grant up to \$25000. Bob Fisher is the contact. That grant requires a PER by May 15 for Legislative approval. Rural Development doesn't need to meet this deadline but hitting that deadline opens up lots of other funding sources.

Joanna motions that Linda and Shelley complete the RFP. Shelley will provide a list of recommended engineering firms. Ken provides 2nd. Motion passed unanimously.

Joanna motions that Linda will publish RFP upon completion. Harold provides 2nd. Passed unanimously.

2. Negotiations with Serena Streeter on behalf of Larry Streeter for the transfer of the water system to FCWD #101- Linda Bosworth

Linda read the following prepared statement:

Status re negotiations for acquisition of the existing Columbia Heights Water Company assets owned by Larry Streeter as of 1/4/16

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I have prepared a written statement I would like to read so that everyone knows the order of events that have occurred, and I can provide it to Jamie to cut-and-paste into tonight's Minutes. After I have read this statement, I would entertain questions and would like to discuss the acquisition offer before us at this time as we must make a decision this evening for me to convey to Larry Streeter's power-of-attorney tomorrow.

Here are the developments in date order:

--I received a phone call from attorney Paul Sandry on December 17 at 1pm; Mr. Sandry advised me that Serena Pierce, Larry Streeter's sister, had been appointed as attorney-in-fact to handle Larry's affairs and she had retained Mr. Sandry to represent them; I advised Mr. Sandry we have been waiting to hear back from Serena as to the specific designation of the lot #'s for the "triangle" parcel and a valuation for the wellsite, Lot 17 tank lot, and triangle parcel to provide to Insured Titles who is working on the title commitment for us; Mr. Sandry said he did not know anything about those items and would confer with his client, and he asked that we forward our draft acquisition documents to him when prepared

--On that same date I provided all information to our attorney Randy Snyder requesting her prepare 3 Warranty Deeds and a Bill of Sale, indicating I would let him know which lots would comprise the triangle parcel when I heard back from attorney Paul Sandry

--On December 28 Serena emailed me, expressing concern about not wanting to deed over tank Lot 17 as she does not know where the property line is exactly in conjunction with Larry's home, felt that a survey would be required to determine boundary lines, as well as not wanting to deed over the triangle parcel if we were wanting the tank Lot 17 as well; I responded to her email clarifying these issues and her misinformation that we are not going to move the tank off of Lot 17 to the triangle parcel, but rather must put a whole new system in place on the triangle parcel; Serena responded that she did not know how she could meet the 31st deadline and offered up that an easement for tank Lot 17 along with a Bill of Sale will have to suffice subject to a survey; I asked Serena what she meant by the 31st deadline and she told me that DEQ had given her the deadline of transferring over the water company assets to the district by December 31 as the last date the pardon letters

would be in effect, that December 31 was an extension from their original October 31 deadline given to Larry Streeter

--Three Warranty Deeds and a Bill of Sale were drafted by attorney Randy Snyder at the district's request and emailed to me on December 28; those documents were emailed to attorney Paul Sandry and Serena Pierce that same date

--On December 28, 2015 I personally went to attorney Randy Snyder's office and paid him \$500 for his services as originally quoted

--On December 29, I received an email from attorney Paul Sandry outlining the offer Serena Pierce was making on behalf of Larry Streeter to transfer the water company assets to the water district. In short, the offer indicated that if the tank was going to remain on Lot 17 there was no reason to give the triangle parcel (which Serena has decided is only to be Lots 38 and 39, not Lots 36 through 39) to the

water district, and that a restricted easement of 5 years would be offered for tank Lot 17; there was no mention of wellsite #2; Mr. Sandry also requested that I not forward his email to Serena or contact her directly, and that I was to deal with him alone while she assists her family members with medical issues

--I responded to attorney Paul Sandry by 2 emails that same day: the first to say that I would discuss Serena's offer with our constituents and Board at our January 5 meeting since the terms have now been changed and I have no authority to negotiate their offer, and the second email was to ask if there were any other options since a 5 year restriction is not realistic and the water district needs use of all 3 parcels

--The next day, December 30, I received an email directly from Serena Pierce saying she had not been in contact with her attorney since the email offer had gone out the morning before, but she was concerned about incurred attorney's fees, that her intention is to "help facilitate the transfer of the water company, its wells and all of the equipment needed to run it", but had issue with deeding properties over, and most likely would not be able to meet the December 31 deadline so hoped DEQ will extend their pardon period

--I sent a reply email to Serena letting her know her attorney had requested he be the only person contacted, but since she emailed me directly I will respond to her emails until notified differently and it is up to her if she wants to forward my emails on to her attorney, Paul Sandry. I told Serena I was brainstorming ideas of how to proceed and hoped we could work through something for me to propose to our constituents and Board at our January 5 meeting; I asked if she would be willing to deed over wellsite #2, the triangle parcel, unrestricted easement for tank Lot 17, and sign a Bill of Sale for the assets

--On December 31 I received by email the preliminary title commitment from Insured Titles for wellsite #2 and the triangle parcel; unfortunately the title company perceives all of the personal judgments filed against Larry Streeter are potentially lien attached to any real properties owned in his personal name; Larry did not put any of the real property into the name of the water company; I forwarded a copy of

that title commitment to Serena that day and asked if she could contact the Collection Bureau to see if they will remove those liens as to parcels we are hoping to use; one of the liens, which we knew about, is from DEQ in the amount of \$137,794.96; Serena confirmed her receipt of the title commitment and said she was tabling the water system issues until after the holiday as she was busy at the hospital with not only her brother, but now her Mom who had to be admitted

--On January 2, 2016 I emailed Shelley Nolan of RATES to ask how operating these parcels with easements could affect our ability to request grant funds, as well as had she seen anything about DEQ not pursuing or transferring its current filed lien to the new water district; Shelley kindly replied that same day that we should be fine with easements, but she would confirm with funding agencies to be certain, and that to her knowledge DEQ would not continue against us with its enforcement penalties.

--With the knowledge in hand of the changed offer terms as well as the liens in place against the real properties we seek use of, I brainstormed for solutions and I emailed Serena Pierce again on January 4; while explaining to her I have no authority to negotiate and am simply looking for possible resolution, I offered a proposal to her of the following to submit at our January 5 meeting: I asked if she would consider immediately executing easements for all 3 parcels (with unrestricted use above and below ground for all legal purposes) and a Bill of Sale so the water district can take over supervision of the

water system as soon as possible, and have her attorney hold signed Grant Deeds for wellsite #2 and the triangle parcels which could be recorded after liens are released and/or paid off to be lien free.

--I am happy to report that Serena responded that day with the following to that proposal, "Sure. I don't have a problem with that so long as Paul reviews the Bill of Sale and Easements. For that matter, I am fine with him preparing them if you want. ... To make it easier, I will pay to have Paul prepare the documents if that works for the board. That will save money and at least one step! Meanwhile I will continue to dig into the Liens and see what can be done about them – if anything. Larry does not have any money though so if I can't negotiate a release (due to the fact that he would be giving the property to a non-profit) he may not be able to deed those to you free and clear. I was not aware of those liens, I assume they are medical, but will look into them more. Insured sent me copies today. DEQ has agreed to honor their agreement while we finish this up, so that will help with their lien. Let me know if you have any additional questions. Thanks so much, Serena."

Linda stated that she does not have the authority to negotiate. She stated that she was merely working with them on Larry's proposal.

Originally Larry said he would give the district 3 pieces of land and one parcel included 4 lots. Linda recommended the district accept the offered easement on the three pieces, the district would own the water rights, have full access to the tank building on Lot 17 and wellsite #2 on Gordon Avenue, and any structures the district puts on lots 38-39. The district would not be

required to pay taxes on the real property because the district would not own the real property.

Discussion occurred regarding whether the lack of property ownership would negatively impact the District's ability to receive grants. Shelley referenced a Water District that successfully acquired funding even though the property they utilized was owned by the county.

Serena acknowledged Larry's original offer was different but felt that since she was now acting in his best interest she refused to let the district have lot 17. A survey will need to be done for lots 38 and 39. All the physical property would be in the bill of sale. The system would be transferred as is.

Discussion about the changes to the terms occurred, particularly regarding the importance of ensuring that all easements are unrestricted. Ken stated his concern that an easement doesn't allow the district to restrict access to the property because you do not own it. This was debated.

Joanna motioned that the Water District accept Serena Streeter's proposal – specifying unrestricted easement to the property and a bill of sale; granting Linda permission to contact Serena to state the board's approval of the offer. Ken 2nd. Board voted, approved unanimously. Joanna will be willing to sign for closing when notified.

IX. Questions and answers with District staff.

Norma mentioned a recent break in at the Saddle Shop. She was thanked for serving as such a good Neighborhood Watch.

Joanna Adams to announced **the next General Meeting of the Board is to be held on February 2nd, 2016, 7pm,at the Badrock Fire Department.**

X. Adjournment. Meeting adjourned at 9:17.